

PROOF OF CLAIM FORM - ATTACHMENT 1
UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF TEXAS - HOUSTON DIVISION

Merchant's Legal Name: SPECIALTY RETAILERS INC

Case Number: 00-35078

Merchant Account Number: 60110-146-2030-014

Response to Question 1: The consideration for this debt is, and the grounds for liability on the claim arise out of the services and financial accommodations provided to Debtor by Discover Financial Services, Inc. ("DFSI") or its predecessors, NOVUS Services, Inc. ("NSI") and Discover Card Services, Inc. ("DCSI"), in connection with Debtor's acceptance of Cards in payment for goods and services in accordance with and pursuant to a Merchant Services Agreement ("Agreement") between the Debtor and DFSI in its own capacity or as successor to NSI and DCSI.

Response to Question 2: The debt was incurred throughout the term of the Agreement between the Debtor and DFSI. See the attached list for the dates that the Card sales were charged back to the Debtor pursuant to the Agreement, the terms of which provide that DFSI will be reimbursed for charged back Card sales.

Response to Question 4: This claim may be a priority claim to the extent that it is a claim for the return of deposits made by individual Cardmembers prior to the commencement of the case, in connection with the purchase, lease or rental of property, or the purchase of services, for the personal, family or household use of such individuals, which were not delivered or provided by Debtor, not exceeding \$1,950 per Cardmember.

Note: This is in addition to any claims relating to charges made on or after the commencement date of the case which constitute administrative priority claims.

Response to Question 5: The Agreement provides that Debtor is obligated to reimburse DFSI for amounts with respect to Card sales which were paid to Debtor by DFSI where such Card sales are later charged back to DFSI by the Cardmembers. This amount may aggregate the amount set forth on the attached claim or more but cannot be ascertained with certainty at this time.

DFSI may also have a claim for attorneys' fees and costs incurred in collecting the amounts due and owing it in connection with the above-described indebtedness, which amount cannot be reasonably calculated or estimated at this time.

DFSI does not waive its rights to any or all attorneys' fees, costs and expenses by not stating a specific amount at this time.

All of the foregoing constitutes an unliquidated and/or contingent portion of this claim of DFSI against the Debtor which cannot be estimated with certainty at this time.

This Proof of Claim does not include the claims, if any, of DFSI with respect to services or financial accommodations provided to Debtor under the Agreement after the filing of the petition initiating this case. DFSI reserves all of its rights with respect to such claims.

Response to Question 6: This claim is not subject to any set-off or counterclaim. However, DFSI has rights of recoupment and setoff with respect to all amounts which now or hereafter may be owing by DFSI to Debtor under the Agreement.

Response to Question 7: Attached are the following documents: (a) Agreement between DFSI and Debtor; and (b) a list of the obligations owed by Debtor to DFSI as of the date of this claim, including: chargebacks, Merchant Fees, and other fees, as authorized by the Agreement.

** DISCOVER CARD SERVICES **

09/12/00

LEDGER#: P0051

SUBSIDIARY LEDGER/SUSPENSE TRACKING

13:05:01

MERCHANT STLMNT PEND

MMI COLLECTION CODE SUMMARY

9VW8

ORDER BY: COLL CODE: MERC: 01477005407 -

CNTR/DEPT -

EFF DATE : - BOOK DATE: -

RCDE:

AMT: -

STARS: -

S	COLL	MERCHANT#	EFF-DATE	BOK-DATE	AMOUNT	D/C	FSD	RCDE	STARS#
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BK	01477005407		06/30/00	07/03/00		8.48	D	AZL	1160018073798
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#DR ITEMS:	1	TOTAL:	8.48	BALANCE:	3,534,310.74	CR
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#CR ITEMS:	0	TOTAL:	0.00	NET TOT:	8.48	DR
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F1:HELP F3:END F4:MENU F5:CLR F7:PREV F8:NEXT F9:BROT F13:DTL F14:SUSP

MSG: NO MORE DETAIL LINE - HIT F7 TO SEE PREV PAGE

** DISCOVER CARD SERVICES **

LEDGER#: P0051 SUBSIDIARY LEDGER/SUSPENSE TRACKING
 MERCHANT STLMNT PEND MMI COLLECTION CODE SUMMARY

09/12/00
 13:05:22
 9VW8

ORDER BY: COLL CODE: MERC: 01477005399 - CNTR/DEPT -
 EFF DATE : - BOOK DATE: - RCDE:
 AMT: - STARS: -

S	COLL	MERCHANT#	EFF-DATE	BOK-DATE	AMOUNT	D/C	FSD	RCDE	STARS#
	BK	01477005399	06/30/00	07/03/00		.75	D	AZL	1160018073796
	BK	01477005399	07/31/00	08/01/00		25.43	D	AZL	1620026085218

#DR ITEMS: 2 TOTAL: 26.18 BALANCE: 3,534,310.74 CR
 #CR ITEMS: 0 TOTAL: 0.00 NET TOT: 26.18 DR
 F1:HELP F3:END F4:MENU F5:CLR F7:PREV F8:NEXT F9:BROT F13:DTL F14:SUSP
 MSG: NO MORE DETAIL LINE - HIT F7 TO SEE PREV PAGE

** DISCOVER CARD SERVICES **

09/12/00

LEDGER#: P0051

SUBSIDIARY LEDGER/SUSPENSE TRACKING

13:05:46

MERCHANT STLMNT PEND

MMI COLLECTION CODE SUMMARY

9VW8

ORDER BY: COLL CODE: MERC: 01462051382 -

CNTR/DEPT -

EFF DATE : - BOOK DATE: -

RCDE:

AMT: -

STARS: -

S	COLL	MERCHANT#	EFF-DATE	BOK-DATE	AMOUNT	D/C	FSD	RCDE	STARS#
BK	01462051382	06/14/00	06/15/00		140.36	✓D	AZL		0940013516423
BK	01462051382	08/14/00	08/15/00		88.30	D	AZL		1820029582718
BK	01462051382	08/23/00	08/24/00		331.80	✓D	AZL		1940032463626
BK	01462051382	09/03/00	09/05/00		35,000.00	C	AZL		2110035226998
BK	01462051382	09/05/00	09/06/00		662.17	D	AZL		2130035777164

#DR ITEMS: 4 TOTAL: 1,222.63 BALANCE: 3,534,310.74 CR

#CR ITEMS: 1 TOTAL: 35,000.00 NET TOT: 33,777.37 CR

F1:HELP F3:END F4:MENU F5:CLR F7:PREV F8:NEXT F9:BROT F13:DTL F14:SUSP

MSG: NO MORE DETAIL LINE - HIT F7 TO SEE PREV PAGE

LEDGER#: P0051 ** DISCOVER CARD SERVICES **
SUBSIDIARY LEDGER/SUSPENSE TRACKING
MERCHANT STLMNT PEND MMI COLLECTION CODE SUMMARY

09/12/00
13:10:58
9VW8

ORDER BY: COLL CODE: MERC: 01462030006 - CNTR/DEPT -
EFF DATE : - BOOK DATE: - RCDE:
AMT: - STARS: -

S	COLL	MERCHANT#	EFF-DATE	BOK-DATE	AMOUNT	D/C	FSD	RCDE	STARS#
BK	01462030006	06/29/00	06/30/00	83.33	Ø	AZL	1150017758927		
BK	01462030006	07/24/00	07/25/00	108.25	✓D	AZL	1520024308211		
	01462030006	09/06/00	09/07/00	23.75	C		2140036116819		
	01462030006	09/07/00	09/08/00	83.33	C		2150036419660		
	01462030006	09/08/00	09/11/00	147.22	D		2160036708069		
	01462030006	09/08/00	09/11/00	23.75	D		2169754424867		

#DR ITEMS: 4 TOTAL: 362.55 BALANCE: 3,534,310.74 CR
#CR ITEMS: 2 TOTAL: 107.08 NET TOT: 255.47 DR
F1:HELP F3:END F4:MENU F5:CLR F7:PREV F8:NEXT F9:BROT F13:DTL F14:SUSP
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08202018073
MERCHANT NUMBER 6011 0146 2030 014
CHAIN CODE 12679

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DATE 7/01/00

MONTHLY STATEMENT

SPECIALTY RETAILERS
PO BOX 35167/KATHY HOBBS
HOUSTON TX 77235

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MTHLY SUMMARY          (DISCOVER/NOVUS)DETAIL TRANSACTIONS          AMOUNT
1. MERCHANT SUBMITTED DEPOSITS
   6011 0146 2030 006                9,358          411,679.17
   6011 0146 2051 382               12,036          507,022.60
   6011 0147 7005 399                 103           4,476.92
   6011 0147 7005 407                 273          10,004.61
   6011 0147 7009 458                 608          27,031.81
2. TOTAL DEPOSITS:                22,378          960,215.11
3. DISCOVER/NOVUS ENTERED DEPOSITS:              0              .00
4. FEES/CHBK'S/ADJS:
   CHBK/ADJ FOR DS                      7          -593.11
   TOTAL FEES/CHBK'S/ADJS                7          -593.11
5. RETURNS AND CORRECTIONS:                0              .00
6. TOTAL OFFSETS (3 + 4 + 5):                7          -593.11
7. NET TOTAL (2 + 6):                22,385          959,622.00
8. DISCOUNT:
   DISCOUNT FOR DS
   6011 0146 2030 006                -7,276.38
   6011 0146 2051 382                -8,971.82
   6011 0147 7005 399                 -79.27
   6011 0147 7005 407                -177.08
   6011 0147 7009 458                -480.81
9. TOTAL DISCOUNT:                -16,985.36*
10. MONTHLY NET SETTLEMENT AMOUNT:          942,636.64
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*SETTLED \$16,804.50 KEPT \$180.86 PRE PETITION DISCOUNT

SPECIALTY RETAILERS 08202018273
MERCHANT NUMBER 6011 0146 2030 014

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DATE 7/01/00

FEEES, CHARGEBACKS AND ADJS
CHAIN CODE 12679

MERCHANT NUMBER	MERCHANT NAME				AMOUNT
NEW REF#	OLD REF#	CARDMEMBER #	ORIG DATE	TYPE	
3/27/00					
UA5UA	08734264	6011008566514292	3/27/00	UNAUTHORIZED PURCHASE	-163.45
BEALLS DEPT STORE #602 BROWNSVILLE T					
4/22/00					
6011 0146 2030 006	BEALLS #119				
DPACU	11521535	6011008510673871	4/22/00	DUPLICATE PROCESSING	-83.33
BEALLS #724 ATLANTA TX					
TOTAL FEES, CHARGEBACKS AND ADJS:					-585.59
NO:					5
3/10/00					
6011 0146 2051 382	STAGE				
DP5CU	07275923	6011300370106815	3/10/00	DUPLICATE PROCESSING	-140.36
STAGE #397 PARSONS KS					
TOTAL FEES, CHARGEBACKS AND ADJS:					-140.36
NO:					1
2/27/00					
6011 0147 7009 458	PALAIS ROYAL				
RPARP	05932939	6011006550660790	2/27/00	CHARGEBACK REVERSAL	132.84
PALAIS ROYAL #870 ABBEVILLE LA					
TOTAL FEES, CHARGEBACKS AND ADJS:					132.84
NO:					1

SPECIALTY RETAILERS 10551992661
MERCHANT NUMBER 6011 0146 2030 014

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DATE 8/01/00

MERCHANT SUBMITTED DEPOSITS

		CHAIN CODE 12679		
6011 0147 7009 458	DS	24		749.41
TOTAL 6011 0147 7009 458	814	PALAIS ROYAL		33,678.61
GRAND TOTAL DS/NV DEPOSITS	34,736			1,682,087.06
TOTAL MERCH. SUB DEPOSITS:	34,736			1,682,087.06

FEEES, CHARGEBACKS AND ADJS
CHAIN CODE 12679

MERCHANT NUMBER	MERCHANT NAME				AMOUNT
NEW REF# OLD REF#	CARDMEMBER #	ORIG DATE	TYPE		
3/30/00					
6011 0146 2030 006	BEALLS #119				
RP4RP 09125408	6011008460680736	3/30/00	CHARGEBACK REVERSAL		305.53
	BEALLS DEPT STORES #10 WACO TX				
5/31/00					
6011 0146 2030 006	BEALLS #119				
DPACU 15317066	6011008830647142	5/31/00	DUPLICATE PROCESSING		-108.25
	BEALLS DEPT STORES #13 ROUND ROCK TX				
TOTAL FEES, CHARGEBACKS AND ADJS:	NO:		2		197.28
5/14/00					
6011 0146 2051 382	STAGE				
RI2CU 13627729	6011000926518287	5/14/00	NON-RECEIPT OF ITEM		-331.80
	STAGE #347 GRENADA MS				
TOTAL FEES, CHARGEBACKS AND ADJS:	NO:		1		-331.80
4/04/00					
6011 0147 7005 399	SPERRY'S				
RN5CU 09621489	6011006713506583	4/04/00	NON-RECIPT OF CREDIT		-25.43
	SPERRY'S #479 PORT HURON MI				
TOTAL FEES, CHARGEBACKS AND ADJS:	NO:		1		-25.43